

Message Text

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DRAFTED BY: NEA/EGY:GNANDERSON:LE

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FM SECSTATE WASHDC

TO USINT CAIRO

C O N F I D E N T I A L STATE 235550

FOLLOWING JIDDA 5259 ACTION SECSTATE INFO ABU DHABIALGIERS
AMMAN BEIRUT DHAHRAN KUWAIT LONDON PARIS ROME TEL
AVIV TRIPOLI NOV 29TH.

QUOTE

C O N F I D E N T I A L JIDDA 5259

DEPT PASS CAIRO; BEIRUT PASS BAGHDAD; KUWAIT PASS DOHA

E. O. 11652: GDS

TAGS: PFOR, SA

SUBJECT: ARAB "NEED" FOR PEACE

1. WE HAVE NOTED WITH SOME CONCERN FREQQENT NEWS REPORTS
KROM U.S. THAT "ARABS NEED PEACE MORE THAN DOES U.S.,"
AND THAT WE CAN AFFORD TO OUTWAIT THEM.

2. WE WILL NOT COMMENT ON ABILITY OF U.S. AND ITS ALLIES
TO ADJUST TO ARAB OIL RESTRICTIONS BUT WOULD LIKE TO POINT
OUT THAT THESE REPORTS ARE OFF THE MARK AS FAR AS SAUDI
ARABIA IS CONCERNED. WHILE OTHER ARABS MAY NEED PEACE AND
WANT IT URGENTLY, SAUDI ARABIA IS UNDER NO PRESSURE TO
MOVE. ITS OIL PRODUCTION IS DOWN THEREFORE PRESERVING
ITS RESERVES, YET ITS INCOME IS UP. IF THE RECENTLY
CONCLUDED DEALS IN LIBYA AND NIDERIA FOR \$12-\$16 OIL
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BECOME THE INDUSTRY PATTERN, SAUDI INCOME AT PRESENT

PRODUCTION LEVELS WOULD EXCEED THAT WHICH WE PREDICTED UNTIL VERY RECENTLY FOR 1980 AT 20 MILLION BBLS/DAY.

3. HINTS OF RETALIATION COMING OUT OF WASHINGTON ARE TAKEN VERY SERIOUSLY HERE -- BUT THE ONLY THING THAT REALLY CONCERNS THEM IS THE POSSIBILITY OF INVASION BY THE U.S. OR THE U.S. WITH IRAN, AND ISRAEL. WE HAVE POOH-POOHED THIS HERE BUT HAVE NOT BEEN SUCCESSFUL IN CONVINCING MANY THAT AN INVASION IS IMPOSSIBLE. PERHAPS WE HAVEN'T TRIED AS HARD AS WE COULD, AND A LITTLE DOUBT IN ARAB MINDS MIGHT BE A GOOD THING.

4. WE MUST ALSO NOT IGNORE YAMANI'S REACTION TO THESE IMAGINED THREAY. HIS VIEWS HAVE BEEN ECHOED BY PRINCE SAUD, BY ABDAL-HADI TAHIR AND BY SAQQAF. THE SAUDIS WOULD SEEK TO DESTROY THE OIL INSTALLATIONS AND FIRE THE OIL FIELDS IF AN INVASION IS LAUNCHED. THE ARAMCO PARENT COMPANIES CAN TELL THE DEPARTMENT HOW CREDIBLE THIS THREAT REALLY IS. AKINS UNQUOTE RUSH

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